1987

ANNUAL REPORT

PRINCE EDWARD ISLAND

MARKETING COUNCIL

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29 February 1988

Hon. Tim Carroll
Minister of Agriculture
Jones Building
11 Kent Street
Charlottetown, P.E.I.
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Dear Sir:

I have the honour to submit herewith the operations report of the P.E.I. Marketing Council for the 1987 calendar year.

Council's financial report for the 1986-87 fiscal year is amalgamated with the financial report of the Department of Agriculture as Council's annual allocation is provided through the Department.

Respectfully submitted,

J.G. Gaudin,
Chairman

JG/lm

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P.E.I. MARKETING COUNCIL

The Prince Edward Island Marketing Council is constituted under the Natural Products Marketing Act (R.S.P.E.I. 1974, Cap. N-2) and is responsible for the supervision of the activities of commodity boards, commodity groups and marketing commissions formed under the Act.

A great deal of Council's activity in 1987 was related to the federal free trade initiative and initiatives at both the federal and federal/provincial levels reviewing and studying the workings of supply management in the four national bodies with such mandates.

Although the free trade agreement has been signed, there is still much work to be done in the coming year determining the exact impacts the agreement will have on the supply managed commodities.

For instance, a clause included in the final documents, which did not appear in the preliminary elements of the agreement could put the surplus removal program operated by the Canadian Egg Marketing Agency at some risk. That clause, Section 701.3 reads:

> "Neither party, including any public entity it establishes or maintains, shall sell agricultural goods for export to the territory of the other party at a price below the acquisition price of the goods plus any storage, handling or other costs incurred by it with respect to those goods."

It is left to be determined if the agency, established by proclamation of the Governor in Council, fits within the definition of public entity.

CATTLEMEN'S ASSOCIATION

Council continued to work on behalf of the Association to secure the extension of provincial powers through the Federal Agricultural Products Act. Initiated in 1983, this has become a long and frustrating experience. However, it now appears the extension will become law in the spring. This will allow the Association, as a commodity group under the N.P.M.A., to deduct a refundable levy on cattle sold interprovincially for slaughter.

CHICKEN

1987 was a very successful year in the Island chicken industry as there were three new broiler producers added to the one existing producer.

Council continues to serve as the P.E.I. Poultry Meat Commodity Marketing Board and is anticipated to do so until the beginning of 1989. In the meantime, Council has spearheaded the formation of the P.E.I. Broiler Producers' Association and is currently making arrangements for the appointment of a producer to the board of directors to the Canadian Chicken Marketing Agency. Since Council assumed the duties of the Board in 1982, a member of Council has served on the CCMA board. Now, with more producers becoming involved, Council feels it appropriate that producers represent themselves.

There is considerable interest in producing chicken. Council fully expects that the Island's quota will be fully utilized in 1989.

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EGGS

Among the highlights of Council's activity with the province's egg industry in 1987 was, in cooperation with the local egg board, to bring all Atlantic signatories to the federal/provincial egg marketing agreement to a concensus on the requirement for additional returns to Atlantic egg producers. The Atlantic signatories then presented their case to the National Farm Products Marketing Council and secured its agreement that the egg producers of Atlantic Canada should receive an additional two cents per dozen provided the deemed overpayment for eggs in Canada did not increase beyond current levels. Armed with that agreement, the Atlantic directors to the Canadian Egg Marketing Agency then successfully presented their case to the CEMA Board.

Discounting and rebating to the retail sector became a serious concern in the egg industry in 1987. Council worked with the egg board in an attempt to resolve this problem. It is a particularly serious problem because approximately one-third of the Island's production is sold to the CEMA as surplus at significantly lower prices than can be secured on the table market. The Egg Board has developed a program which will be run on a pilot basis for one year and which will hopefully address this problem.

MILK

Council, as the body responsible for the fixing of fluid milk prices in the province and armed with the results of studies into the costs of producing and processing fluid milk, increased the per litre producer, wholesale and home delivered price by eight cents effective April 1.

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MILK - continued

Of this increase, the producer received five cents and the processor received three cents. Prince Edward Island prices, although closing the margin, continue to be lower than those of its sister Maritime provinces.

Council also reviewed the costs of transporting bulk milk and on August 1 provided the transporters an increase of 6 percent to 1.93¢ per litre.

Just as is the case in eggs, discounts and rebates from wholesale to retail are a concern in the milk industry. Most processors are using these methods in an attempt to increase market share. Council continues to be concerned about this practice and is seeking an innovative approach which will solve the problem without simply forcing the wholesalers to go underground with their rebate and discount programs.

PEDIGREED SEED

The P.E.I. Pedigreed Seed Commodity Marketing Board has, since its inception, restricted its regulatory function to that of collecting levies which in turn were used for promotional purposes.

In 1987, the Board took the decision that it wished to become involved in establishing minimum prices at which the product could be sold. It passed a series of orders, effective August 1, 1987, to accomplish this goal. The effectiveness or acceptance on the part of producers cannot be measured until the spring of 1988.

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PLANT TISSUE CULTURE COMMISSION

This Commission remains relatively inactive but as the marketing of strawberry plants grown through tissue culturing increases and multiplier breeders are required, the Commission views its regulatory authorities important in insuring importing countries of the rigidity of our quality control program.

POTATOES

Late in 1987, the Potato Marketing Commission was formed to replace the Potato Marketing Board which had been formed and operated under the Marketing Act. With the placing of potatoes under the Natural Products Marketing Act, the Council became responsible for the supervision of the Potato Marketing Commission. Potato producers also, for the first time, secured the right to appeal decisions which they feel aggrieve them, to an independent quasi-judicial body, the Natural Products Appeals Tribunal, formed under the NPMA.

Council has also been mandated, as recommended in the Driscoll Commission, to develop a plan for the election of a potato commodity marketing board after consultations with the Potato Producers' Association. That process is now underway. Council is hopeful of making a recommendation to the Lieutenant Governor in Council in the near future.

TOBACCO

1987 was a relatively quiet year in the tobacco industry. Council staff assisted the Tobacco Board in the development and negotiation with the federal and provincial governments of a $2.8 million Tobacco Transition Adjustment Initiative. In its first year, the program retired 919 acres of production which enabled those remaining in the industry to produce

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90 percent of their basic production quota, an increase of 16 percent from the previous year.

Council played an active part in achieving a resolve between the board and a group of producers which had until this year been at loggerheads with the board. Council was recognized as a neutral party in the dispute and became party to an agreement between the two in which it was agreed to use aerial photos taken in 1983 as the basis of determining the 1983 acreage of the dissenting group members. Council, through its staff, agreed to participate in the determination of these acreages.

VEGETABLE COMMODITY MARKETING BOARD

Although still in existence, this board is inactive and has been for approximately a decade.

GENERAL

During 1987, Council and its staff also performed its routine duties such as conducting mail elections for commodity boards and providing general supervision over boards, commissions and commodity groups.

NATURAL PRODUCTS APPEALS TRIBUNAL

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The Appeals Tribunal consists of a Chairman and two members. They are:

Michael Sullivan, C.A. - Chairman

Ray Brown - Member

Reid Sangster - Member

The Tribunal heard only one case in 1987, that being an appeal by eleven producers against a quota decision of the P.E.I. Tobacco Marketing Board. The Tribunal found in favour of two producers and confirmed the decision of the Tobacco Marketing Board in the other nine cases.